

You have been hired to create a 4 panel mural to display at a new exhibit at the Federal Reserve Museum.

The theme of the exhibit is “THE FED AND MONETARY POLICY IN THE REAL WORLD.”

Your task is to demonstrate this theme in 4 DIFFERENT ways, one of which must be a graph.

Also, write a short paragraph about the role of the FED in the modern economy including how it affects interest rates and the economy as a whole.

Panel

- You will present your information in four “panels”
- The definition of “panels” here is very broad, but think along the lines of powerpoint slides, full sheets of paper, posterboard divided into fourths, etc

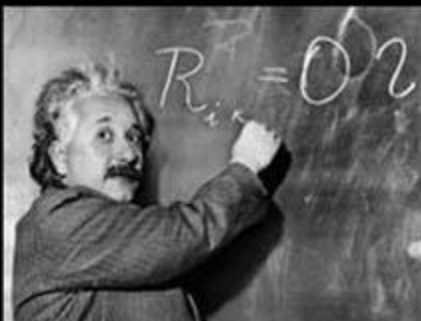
Suggestions for your 4 panels:

- A graph representing a headline in the news about monetary policy or banking. (at least ONE of these is required) CITE THE NEWS STORY!
- An interpretation of an existing political cartoon about the Fed (show the cartoon and your explanation of the people in the cartoon and the point of view of the cartoon)
- Create your OWN political cartoon showing how the FED affects interest rates and/or affects the money supply
- Generate an internet meme that references the FED or monetary policy
- A summary of the most recent Federal Reserve Statement
- An explanation of the 3 tools of the FED and at least ONE of the “new” tools that have been used since 2008
- A graph of the levels of the Federal Funds Rate during the last 10 years and a description of the Federal Funds Rate
- A diagram of the organization of the Federal Reserve System with a sentence or two about what happens at each level
- Anything else that you can think of that fits in with the theme!

TEACHER



What my friends think I do



What my Mom thinks I do



What society thinks I do



What kids think I do



What I think I do



What I really do

TEACHER



What my friends think I do



What my mom thinks I do



What society thinks I do



What students think I do



What I think I do



What I really do

Economists



What my friends think I do



What my Mom thinks I do



What society thinks I do



What the government thinks I do



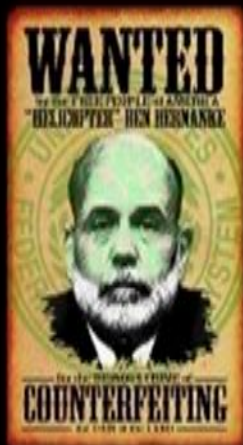
What I think I do



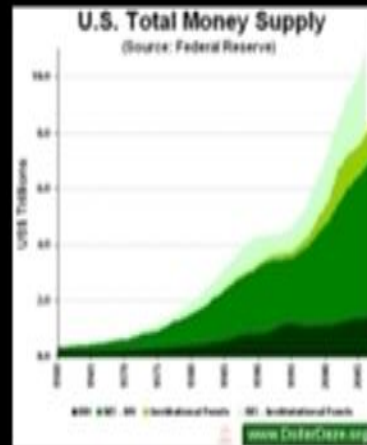
What I really do



What America Thinks I Do



What Ron Paul Thinks I Do



What Mr. Cannon tells you I do



What banks think I do



What I think I do



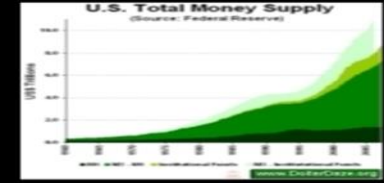
What I actually do



What America Thinks I Do



What Ron Paul Thinks I Do



What Mr. Cannon tells you I do



What banks think I do



What I think I do



What I actually do

memegenerator.net

- Explanations:
- 1. Many Americans believe all the FED does is “print money” and drop it in to the economy. This cartoon is depicting bernanke dropping money from a helicopter into the economy
- 2. Some politicians, mainly libertarians, believe the FED is actually unconstitutional and that the citizens and the government should not be bound by their decisions.
- 3. We learned in class that the FED is in charge of the Money supply. This graph shows how it has increased under Ben Bernanke’s term.
- 4. Often, the FED is described with a “water faucet” analogy. They can control bank lending activities through their policies.
- 5. While I can’t verify this, I would think Bernanke would consider his actions to this point heroic in the sense that he helped prevent an awful recession from becoming a full-fledged depression, which he studied greatly as a student of economics.
- 6. What he actually does is run the FOMC meetings and serve as the “face” of the FED.

Board of Governors of the Federal Reserve System

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Press Release

Release Date: January 30, 2013

For immediate release

Information received since the Federal Open Market Committee met in December suggests that growth in economic activity paused in recent months, in large part because of weather-related disruptions and other transitory factors. Employment has continued to expand at a moderate pace but the unemployment rate remains elevated. Household spending and business fixed investment advanced, and the housing sector has shown further improvement. Inflation has been running somewhat below the Committee's longer-run objective, apart from temporary variations that largely reflect fluctuations in energy prices. Longer-term inflation expectations have remained stable.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with appropriate policy accommodation, economic growth will proceed at a moderate pace and the unemployment rate will gradually decline toward levels the Committee judges consistent with its dual mandate. Although strains in global financial markets have eased somewhat, the Committee continues to see downside risks to the economic outlook. The Committee also anticipates that inflation over the medium term likely will run at or below its 2 percent objective.

To support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee will continue purchasing additional agency mortgage-backed securities at a pace of \$40 billion per month and longer-term Treasury securities at a pace of \$45 billion per month. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. Taken together, these actions should maintain downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative.

The Committee will closely monitor incoming information on economic and financial developments in coming months. If the outlook for the labor market does not improve substantially, the Committee will continue its purchases of Treasury and agency mortgage-backed securities, and employ its other policy tools as appropriate, until such improvement is achieved in a context of price stability. In determining the size, pace, and composition of its asset purchases, the Committee will, as always, take appropriate

- The Federal reserve Open Market Committee meets periodically through the year to discuss monetary policy. To the left you see a press release from January describing their decisions.
- The press releases are generally broken up into 4 parts. In the first two paragraphs, the committee is describing what they are observing in their economic data.
- The following sections explain specifically what actions the FED wishes to take to meet their goals of economic growth and stable inflation.
- In this press release, you can see that the FED plans to continue Open Market Operations of about \$45 billion per month!!!
- Through this, they hope to generate lower interest rates and encourage lending.



FRB: Press Rel...

Spotify

Field Trip

DAILY QUEST...

Presenta

http://money.cnn.com/2013/01/15/news/economy/federal-reserve/

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FED FOCUS

Federal Reserve official wants more stimulus

By Annalyn Kurtz @CNNMoney January 15, 2013: 9:15 AM ET

115 comments

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My explanation goes here

Nominal Interest Rate, i %

